

TOWN OF POLLOCK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/28/10

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June 23, 2010

The Honorable Mayor
and Members of the Board of Aldermen
Town of Pollock, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Pollock, as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town of Pollock's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Pollock, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

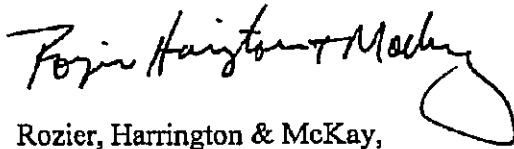
-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

*The Honorable Mayor and
Members of the Board of Aldermen
June 23, 2010
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pollock's basic financial statements. The Schedule of Per Diem Paid to Board Members is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Per Diem Paid to Board Members has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respected in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2010, on our consideration of Pollock's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Rozier, Harrington & McKay,
Certified Public Accountants

Town of Pollock

Management's Discussion And Analysis **December 31, 2009**

This section of the Town of Pollock's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2009.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after January 1, 2004) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, sanitation and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- **Business-Type Activities** – Expenses associated with providing utility services and operating the municipal airport are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

Town of Pollock

Management's Discussion And Analysis **December 31, 2009**

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

NET ASSETS

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	December 31, 2009			December 31, 2008
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and Other Assets	\$ 225,014	\$ 1,153,271	\$ 1,378,285	\$ 1,152,387
Internal Balances	(114,663)	114,663	---	---
Capital Assets	367,612	10,908,147	11,275,759	11,612,116
Total Assets	477,963	12,176,081	12,654,044	12,764,503
<u>Liabilities:</u>				
Current and Other Liabilities	7,853	323,889	331,742	120,871
Long-term Liabilities	---	3,113,651	3,113,651	3,271,831
Total Liabilities	7,853	3,437,540	3,445,393	3,392,702
<u>Net Assets:</u>				
Invested in Capital Assets (Net)	367,612	7,637,097	8,004,709	8,273,798
Restricted	---	1,051,462	1,051,462	927,321
Unrestricted	102,498	49,982	152,480	170,682
Total Net Assets	\$ 470,110	\$ 8,738,541	\$ 9,208,651	\$ 9,371,801

As the presentation appearing above demonstrates, the largest portion of the Town's net assets (86.9%) are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired after December 31, 2003 less any debt used to acquire the assets that remains outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets (11.4%) represent resources that are subject to restrictions that are imposed by agreements with the Town's bondholders or requirements imposed by various revenue sources. The remaining unrestricted net assets (1.7%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Pollock

Management's Discussion And Analysis **December 31, 2009**

CHANGES IN NET ASSETS

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	For the Year Ended December 31, 2009			For the Year Ended December 31, 2008
	Govern- mental Activities	Business- Type Activities	Total	
Revenues:				
Program Revenue:				
Charges for Services	\$ 200,850	\$ 1,047,194	\$ 1,248,044	\$ 1,205,052
Operating Grants and Contributions	1,000	---	---	---
Capital Grants and Contributions	14,108	---	15,108	---
General Revenue:				
Property Taxes	13,027	---	13,027	17,224
Sales Taxes	50,174	---	50,174	60,964
Franchise Taxes	18,337	---	18,337	21,361
Licenses and Permits	33,833	---	33,833	43,080
Proceeds from the Sale of Timber	---	---	---	77,500
Other	26,170	20,439	46,609	25,016
Total Revenue	357,499	1,067,633	1,425,132	1,450,197
Program Expenses:				
General Government	202,087	---	202,087	213,127
Public Safety – Police Department	187,415	---	187,415	128,943
Public Works – Roads and Bridges	1,099	---	1,099	---
Sanitation	17,863	---	17,863	17,911
Utility System	---	1,162,917	1,162,917	1,177,191
Airport	---	16,901	16,901	32,308
Total Expenses	408,464	1,179,818	1,588,282	1,569,480
Excess (Deficiency) Before Transfers and Special Items	(50,965)	(112,185)	(163,150)	(119,283)
Transfers	110,685	(110,685)	---	---
Change in Net Assets	59,720	(222,870)	(163,150)	(119,283)
Net Assets Beginning	410,390	8,961,411	9,371,801	9,491,084
Net Assets Ending	\$ 470,110	\$ 8,738,541	\$ 9,208,651	\$ 9,371,801

Governmental activities increased the Town's net assets by \$59,720. Business-type activities decreased the Town's net assets by \$222,870. This decrease is attributable to depreciation expense associated with capital assets purchased with grant funds. Since the Town has been successful in

Town of Pollock

Management's Discussion And Analysis

December 31, 2009

securing grant funds to improve and replace components of its utility system, it is not considered necessary to recover depreciation through operations.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town's governmental funds reported a combined fund balance of \$470,110, which represents an increase of \$59,720 in comparison to the previous balance. Differences between fund balances and net assets reported for governmental activities are attributable to including capital assets in the determination of net assets.

The Town's general fund, which is available for spending at the Town's discretion, reported a fund balance of \$2,401, which represents an increase of \$64,248 in comparison to the previous deficit balance.

Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The Town's general fund is required to adopt a budget and the budget is amended as necessary. For the current year, amendments were necessary to utilize revenue that was not anticipated when the original budget was prepared.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended December 31, 2009 was limited to replacing small sewer system equipment, a used vehicle for the utility department, and small equipment purchased for law enforcement and the administrative office. The replacements were necessary because the existing equipment had reached the end of their useful lives. The Town also expended funds on engineering design costs in the current year for future replacement of the ground storage tank.

DEBT ADMINISTRATION

No new debt was issued. Principal payments for the year totaled \$67,268, which represented 2.01% of the balance outstanding at the beginning of the year.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

In January 2010 the Town gave its final approval for the construction of a \$530,000 ground storage tank. This new tank will replace an old outdated tank. The town has been given approval to borrow the \$530,000 needed to complete this project.

Town of Pollock

STATEMENT OF NET ASSETS

December 31, 2009

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 200,554	\$ 249,050	\$ 449,604
Receivables (net)	24,460	106,048	130,508
Restricted cash	-	798,173	798,173
Internal balances	(114,663)	114,663	-
Capital assets			
Non depreciable capital assets	148,864	20,600	169,464
Construction in Process	14,108	48,666	62,774
Depreciable capital assets, net	204,640	10,838,881	11,043,521
Total assets	477,963	12,176,081	12,654,044
<u>LIABILITIES</u>			
Accounts and other payables	7,853	121,955	129,808
Deposits due others	-	36,615	36,615
Payable from restricted assets			
Accrued interest payable	-	7,920	7,920
Long-term liabilities-portion due within one year	-	157,399	157,399
Long-term liabilities - due in more than one year	-	3,113,651	3,113,651
Total liabilities	7,853	3,437,540	3,445,393
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	367,612	7,637,097	8,004,709
Restricted for:			
Debt service	-	790,253	790,253
Airport operations	-	261,209	261,209
Unrestricted	102,498	49,982	152,480
Total net assets (deficit)	\$ 470,110	\$ 8,738,541	\$ 9,208,651

The accompanying notes are an integral part of the financial statements.

Town of Pollock

STATEMENT OF ACTIVITIES

Year Ended December 31, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General government	\$ 202,087	\$ 10,765	\$ -	\$ 14,108	\$ (177,214)	\$ -	\$ (177,214)
Public safety - police department	187,415	190,085	1,000	-	3,670	-	3,670
Streets, Drainage and Recreation	1,099	-	-	-	(1,099)	-	(1,099)
Sanitation	17,863	-	-	-	(17,863)	-	(17,863)
Total governmental activities	408,464	200,850	1,000	14,108	(192,506)	-	(192,506)
<u>Business-Type Activities:</u>							
Utility System	1,162,917	1,045,794	-	-	-	(117,123)	(117,123)
Municipal Airport	16,901	1,400	-	-	-	(15,501)	(15,501)
Total business-type activities	1,179,818	1,047,194	-	-	-	(132,624)	(132,624)
Total primary government	\$ 1,588,282	\$ 1,248,044	\$ 1,000	\$ 14,108	(192,506)	(132,624)	(325,130)
<u>General Revenues:</u>							
Taxes:							
Ad valorem					13,027	-	13,027
Sales taxes					50,174	-	50,174
Franchise					18,337	-	18,337
Licenses and permits					33,833	-	33,833
Miscellaneous					26,170	20,439	46,609
Internal transfers					110,685	(110,685)	-
Total general revenues					252,226	(90,246)	161,980
Change in net assets					59,720	(222,870)	(163,150)
Net assets beginning					410,390	8,961,411	9,371,801
Net assets ending					\$ 470,110	\$ 8,738,541	\$ 9,208,651

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Balance Sheet Governmental Funds - December 31, 2009

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 100,457	\$ 100,097	\$ -	\$ 200,554
Receivables (net)	24,460	-	-	24,460
Total assets	\$ 124,917	\$ 100,097	\$ -	\$ 225,014
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts payable	\$ 7,853	\$ -	\$ -	\$ 7,853
Interfund payables	-	-	-	-
Advances from other funds	114,663	-	-	114,663
Total liabilities	122,516	-	-	122,516
<u>Fund Balance</u>				
Unreserved - Reported In				
General Fund	2,401	-	-	2,401
Capital Projects Funds	-	100,097	-	100,097
Total Fund Balances	2,401	100,097	-	102,498
Total Liabilities and Fund Balance	\$ 124,917	\$ 100,097	\$ -	\$ 225,014

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets

Year Ended December 31, 2009

Total Fund Balances - Governmental Funds \$ 102,498

Amounts reported for governmental activities in the statement of net assets are
different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds.

367,612

Net Assets of Governmental Activities

\$ 470,110

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Revenues, Expenditures and Changes in Fund Balance **Governmental Funds - Year Ended December 31, 2009**

	General Fund	General Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad valorem	\$ 13,027	\$ -	\$ -	\$ 13,027
Sales	50,174	-	-	50,174
Franchise taxes	18,337	-	-	18,337
Licenses & permits:	33,833	-	-	33,833
Intergovernmental	16,548	-	-	16,548
Fines and forfeitures	188,285	-	-	188,285
Proceeds from timber sales	-	-	-	-
Other	35,630	1,665	-	37,295
Total Revenues	355,834	1,665	-	357,499
<u>Expenditures:</u>				
Current				
General government	193,062	-	-	193,062
Public safety - police department	172,824	-	-	172,824
Streets	1,099	-	-	1,099
Sanitation	17,863	-	-	17,863
Capital expenditures	19,088	-	-	19,088
Total Expenditures	403,936	-	-	403,936
Excess (Deficiency) of				
Revenues Over Expenditures	(48,102)	1,665	-	(46,437)
<u>Other Financing Sources (Uses):</u>				
Operating transfers in	112,350	-	-	112,350
Operating transfers out	-	(1,665)	-	(1,665)
Net Change in Fund Balances	64,248	-	-	64,248
Fund Balance (Deficit) -				
Beginning of Year	(61,847)	100,097	-	38,250
Fund Balance (Deficit) -				
End of Year	\$ 2,401	\$ 100,097	\$ -	\$ 102,498

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended Decemer 31, 2009

Net change in fund balances of Governmental Funds \$ 64,248

Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current
period.

(4,528)

Change in net assets of governmental activities

\$ 59,720

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Net Assets

Proprietary Funds - December 31, 2009

	Business-Type Activities - Enterprise Funds		
	Utility System	Municipal Airport	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 103,537	\$ 145,513	\$ 249,050
Receivables (net)	104,808	1,240	106,048
Total current assets	208,345	146,753	355,098
Restricted Assets:			
Cash and cash equivalents			
Debt service	798,173	-	798,173
Noncurrent Assets:			
Interfund receivables	-	-	-
Advances to other funds	-	114,663	114,663
Non depreciable assets	69,266	-	69,266
Depreciable assets (net)	10,771,841	67,040	10,838,881
Total assets	11,847,625	328,456	12,176,081
LIABILITIES:			
Current Liabilities:			
Accounts and other payable	121,748	207	121,955
Interfund Payables	-	-	-
Deposits due others	36,615	-	36,615
Total current liabilities	158,363	207	158,570
Liabilities Payable From Restricted Assets:			
Accrued interest payable from restricted assets	7,920	-	7,920
Current portion of long-term debt	157,399	-	157,399
Noncurrent Liabilities:			
Advances from other funds	-	-	-
Long-term debt	3,113,651	-	3,113,651
Total liabilities	3,437,333	207	3,437,540
NET ASSETS:			
Invested in capital assets, net of related debt	7,570,057	67,040	7,637,097
Restricted for:			
Debt service	790,253	-	790,253
Airport operations	-	261,209	261,209
Unrestricted	49,982	-	49,982
Total net assets (deficit)	\$ 8,410,292	\$ 328,249	\$ 8,738,541

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Revenues, Expenses and Changes in Fund Net Assets ***Proprietary Funds - December 31, 2009***

	Business-Type Activities - Enterprise Funds		
	Utility System	Municipal Airport	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 1,038,830	\$ 1,400	\$ 1,040,230
Other	6,964	-	6,964
Total Operating Revenues	1,045,794	1,400	1,047,194
<u>Operating Expenses:</u>			
Depreciation	388,209	4,858	393,067
Insurance	25,264	-	25,264
Legal and professional	28,360	8,821	37,181
Other	14,056	192	14,248
Payroll taxes and benefits	57,097	-	57,097
Repairs and maintenance	163,454	-	163,454
Salaries and wages	219,320	-	219,320
Utilities and telephone	111,185	3,030	114,215
Total Operating Expenses	1,006,945	16,901	1,023,846
Operating Income (Loss)	38,849	(15,501)	23,348
<u>Nonoperating Revenues (Expenses):</u>			
Interest income	17,350	3,089	20,439
Interest expense	(155,972)	-	(155,972)
Change in Net Assets Before Contributions and Transfers	(99,773)	(12,412)	(112,185)
<u>Special Items and Transfers:</u>			
Operating Transfers In (Out)	(90,333)	(20,352)	(110,685)
Change in net assets	(190,106)	(32,764)	(222,870)
Total net assets - beginning	8,600,398	361,013	8,961,411
Total net assets - ending	\$ 8,410,292	\$ 328,249	\$ 8,738,541

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Cash Flows

Proprietary Funds - Year Ended December 31, 2009

	Business-Type Activities - Enterprise Funds		
	Utility	Municipal	Total
	System	Airport	
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 1,032,374	\$ 1,400	\$ 1,033,774
Cash payments to suppliers of goods and services	(279,966)	(13,699)	(293,665)
Cash payments to employees for services	(219,320)	-	(219,320)
Net cash provided (used) by operating activities	<u>533,088</u>	<u>(12,299)</u>	<u>520,789</u>
<u>Cash flows from non-capital financing activities:</u>			
Repayment of advance	(4,051)	6,051	2,000
Change in due to from other funds	613	-	613
Operating transfers out	(90,333)	-	(90,333)
Ad valorem taxes	<u>1,468</u>	<u>-</u>	<u>1,468</u>
Net cash provided (used) by non-capital financing activities	<u>(92,303)</u>	<u>6,051</u>	<u>(86,252)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital Expenditures	(61,238)	-	(61,238)
Principle paid on long-term debt	(67,268)	-	(67,268)
Interest paid on long-term debt	<u>(156,769)</u>	<u>-</u>	<u>(156,769)</u>
Net cash provided (used) by capital and related financing activities	<u>(285,275)</u>	<u>-</u>	<u>(285,275)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	<u>17,770</u>	<u>3,950</u>	<u>21,720</u>
Net cash provided (used) by investing activities	<u>17,770</u>	<u>3,950</u>	<u>21,720</u>
Net increase (decrease) in cash	173,280	(2,298)	170,982
Beginning cash balance	<u>728,430</u>	<u>147,811</u>	<u>876,241</u>
Ending cash balance	<u>901,710</u>	<u>145,513</u>	<u>1,047,223</u>
Less restricted cash and cash equivalents	<u>798,173</u>	<u>-</u>	<u>798,173</u>
Cash and cash equivalents	<u>\$ 103,537</u>	<u>\$ 145,513</u>	<u>\$ 249,050</u>

The accompanying notes are an integral part of the financial statements.

Town of Pollock

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended December 31, 2009

	Business-Type Activities - Enterprise Funds		
	Utility	Municipal	Total
	System	Airport	
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash</u>			
Operating income (loss)	\$ 38,849	\$ (15,501)	\$ 23,348
Adjustments to reconcile operating income to net cash			
provided by operating activities:			
Depreciation	388,209	4,858	393,067
(Increase) decrease in accounts receivable	(17,375)	-	(17,375)
(Decrease) increase in accounts and other payables	119,450	(1,656)	117,794
(Decrease) increase in meter deposits	3,955	-	3,955
Net cash provided (used) by operating activities	<u>\$ 533,088</u>	<u>\$ (12,299)</u>	<u>\$ 520,789</u>

Supplemental disclosures of cash flow information:

During the year ended December 31, 2009, the Airport Fund reduced the amount reported as an advance receivable from the general fund by \$20,352 in exchange for services performed by the the General Fund. There were no further operating, financing, or investing activities during the year that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Pollock, Louisiana (the Town) was incorporated under the provisions of Louisiana Law. The Town is governed by its Mayor and a Board of Aldermen consisting of five members. Services provided to the citizens of Pollock include but are not limited to public safety (police and fire protection), streets, sanitation, water utility service, sewer utility service, and operation of a municipal airport.

The Town's accounting policies conform to generally accepted accounting principals for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the Town's more significant accounting policies are described as follows:

FINANCIAL REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Pollock for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the Town to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon application of these criteria, there were no potential component units and all of the Town's activities were included in the primary government reporting entity.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

FUND FINANCIAL STATEMENTS

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

MAJOR GOVERNMENTAL FUNDS

General Fund – The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Outlay – The capital outlay fund is a capital project fund used to account for construction projects conducted with funds provided by the State's capital outlay program.

MAJOR BUSINESS-TYPE FUNDS

Utility System – The utility system fund is used to account for the operation of the Town's water and sewer system, which is supported by user charges.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

Municipal Airport – The Municipal Airport Fund is used to account for the operation of the Town's airport, which is supported by revenue generated from the Airport and surrounding property.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure.

BUDGETARY CONTROL

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

CASH AND CASH EQUIVALENTS

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

INTERNAL ACTIVITY:

Interfund transactions are reported as operating transfers when the recipient fund is not expected to provide repayment. Transactions that are expected to result in repayment are reported as interfund receivables and payables. Any interfund receivables and payables that are not expected to be repaid with one year are classified as advances.

In preparing the government-wide financial statements, internal activity is eliminated to present net amounts for governmental activities and business-type activities.

RESTRICTED ASSETS:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

CAPITAL ASSETS

Capital assets, which include property, equipment and infrastructure acquired after December 31, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the Town. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 3 to 40 years. Useful lives are selected depending on the expected durability of the particular asset.

COMPENSATED ABSENCES

The Town does not accumulate unpaid vacation, sick pay, and other employee benefit amounts because employees are not allowed to carry over significant amounts.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits are stated at cost, which approximates market. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2009, the Town had \$1,268,910 in deposits (collected bank balance). These deposits are secured from risk by \$250,000 of federal deposit insurance on demand deposits; \$250,000 of federal deposit insurance on the Interest Bearing Accounts for a total of \$500,000 and \$1,028,055 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE 3 - RECEIVABLES

Receivables at December 31, 2009 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Accounts Receivable</u>		
Charges for Services	\$ ----	\$ 100,319
Franchise Taxes	5,024	---
Ad Valorem Taxes	4,744	---
Other	----	5,729
Total Accounts Receivable	9,768	106,048
<u>Due From Other Governments</u>		
Sales Taxes	6,646	---
LGAP Grant	8,046	---
Total Due From Other Governments	14,692	---
Receivables, net	\$ 24,460	\$ 106,048

NOTE 4 - LONG-TERM DEBT

Long-term debt outstanding at year end is described as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>TOTAL</u>
Utility Revenue Bonds	---	3,271,050	3,271,050
Total Obligations	---	3,271,050	3,271,050
Due Within One Year	---	157,399	157,399
Due in More Than One Year	\$ ----	\$ 3,113,651	\$ 3,113,651

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

Long-term debt activity for the year ended December 31, 2009, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
General Obligation Bonds	\$ 14,000	\$ ---	\$ 14,000	\$ ---
Utility Revenue Bonds	3,324,318	---	53,268	3,271,050
Total Long-term Debts	\$ 3,338,318	\$ ---	\$ 67,268	\$ 3,271,050

GENERAL OBLIGATION AND UTILITY REVENUE BONDS

At December 31, 2009 the following Bond Issues were outstanding:

	<u>Outstanding Balance</u>	
	<u>Utility Revenue</u>	<u>General Obligation</u>
\$225,000 Utility Revenue Bonds dated November 10, 1981, due in annual installments ranging from \$2,000 to \$12,000 plus interest at 5%, final installment due November 10, 2021. In February 2010 the Town paid this note in full.	109,731	---
\$2,525,000 Utility Revenue Bonds, dated May 12, 1999, with proceeds to be collected in installments for the purpose of funding construction costs. Due in monthly installments of \$11,994 including interest of 4.75% beginning May 12, 2001, final installment due May 12, 2039.	2,271,870	---
\$930,000 Utility Revenue Bonds, dated November 11, 2004, with proceeds to be collected in installments for the purpose of funding construction costs. Due in monthly installments of \$4,222 including interest of 4.5% beginning December 7, 2005, final installment due December 15, 2044.	889,449	---
Total	\$ 3,271,050	\$ ---

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

A schedule of maturities of general obligation and utility revenue bonds is presented as follow:

	<u>Utility Revenue</u>	<u>Interest</u>
2010	\$ 157,399	\$ 152,410
2011	49,954	149,774
2012	52,349	146,978
2013	54,860	144,068
2014	57,491	140,987
2015 – 2019	331,560	653,432
2020 – 2024	419,075	554,754
2025 – 2029	529,707	443,246
2030 – 2034	669,558	303,395
2035 – 2039	733,034	128,517
2040 – 2044	216,063	24,266
Total	\$ 3,271,050	\$ 2,841,827

NOTE 5 – CAPITAL ASSETS

A summary of capital transactions for the year ended December 31, 2009 follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 148,864	\$ —	\$ —	\$ 148,864
Construction in Process	—	14,108	—	14,108
Total	148,864	14,108	—	162,972
Depreciable Capital Assets				
Buildings and Improvements	248,652	—	—	248,652
Vehicles	110,853	—	—	110,853
Furniture, Fixtures and Equipment	55,529	4,980	—	60,509
Accumulated Depreciation	(191,758)	(23,616)	—	(215,374)
Total	223,276	(18,636)	—	204,640
Total Governmental Activities	\$ 372,140	\$ (4,528)	\$ —	\$ 367,612

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land and Right of Ways	\$ 20,600	\$ —	\$ —	\$ 20,600
Utility Construction in Process	—	48,666	—	48,666
Total	20,600	48,666	—	69,266
Depreciable Capital Assets				
Water Distribution System	2,253,551	12,572	—	2,266,123
Wastewater System	1,905,194	—	—	1,905,194
Airport Improvements	181,360	—	—	181,360
Prison Utility System	10,671,616	—	—	10,671,616
Accumulated Depreciation	(3,792,345)	(393,067)	—	(4,185,412)
Total	11,219,376	(380,495)	—	10,838,881
Total Business-Type Activities	\$ 11,239,976	\$ (331,829)	\$ —	\$ 10,908,147

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Government	\$ 9,025	\$ —	\$ 9,025
Public Safety	14,591	—	14,591
Utility System	—	388,209	388,209
Municipal Airport	—	4,858	4,858
Total Depreciation Expense	\$ 23,616	\$ 393,067	\$ 416,683

NOTE 6 - AD VALOREM TAXES

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended December 31, 2009, the Town levied 7.52 mills for general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed. There were no material amounts of uncollectible ad valorem taxes at December 31, 2009.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 8 - PENSION PLAN

The only pension plan offered by the Town is to certain qualified members of the Police Department. If employees are eligible then they may join the Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate board of trustees. Pertinent information relative to this plan is presented as follows:

Plan Description. All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the Town is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending December 31, 2009 were equal to the required contributions for the year.

NOTE 9 - INTERGOVERNMENTAL AGREEMENT

The Town operates a municipal airport on property that was originally donated by the Federal Government. Since the property was provided by Federal sources, the Federal government retains a degree of oversight responsibility. In the course of exercising its oversight responsibility, the Federal Aviation Administration (FAA) determined that certain monies generated by the Airport property were used to fund non-airport municipal expenditures in violation with its agreements.

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

In response to the findings described above, the Town has entered into a repayment agreement with the FAA. The agreement, which was accepted by the FAA on November 11, 1987 requires the general fund to repay a total of \$350,899 to the Municipal Airport Enterprise Fund. Under the terms of the repayment agreement, the general fund is required to execute \$2,000 installments on an annual basis. In addition, the general fund will receive credit for the following in-kind services provided on behalf of the Airport.

- Twenty-four percent (24%) of the Town Clerk's salary.
- An annual allowance of \$600 for the Town Clerk's office expense.
- Twenty-six percent (26%) of the Police Chief's salary.
- An annual allowance of \$900 for the Police Chief's vehicle expense.

The amount currently payable by the general fund to the municipal airport enterprise fund is presented as an advance in the accompanying financial statements. The amount presented in the accompanying financial statements was computed as follows:

Original Balance – November 11, 1987	\$ 350,899
In-kind payments for the year ended:	
December 31, 1995 through December 31, 2008	(185,884)
December 31, 2009	(20,352)
<u>Cash payments for year 1995 through 2009</u>	<u>(30,000)</u>
<u>Balance-December 31, 2009</u>	<u>\$ 114,663</u>

NOTE 10 - RESTRICTED RESOURCES

Restrictions on the Town's utility fund imposed by various laws, regulations, contracts and grants are summarized as follows:

Bond covenants require the Town to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

Assets, liabilities, and equity classified as restricted are summarized as follows:

Cash	\$ 798,173
Liabilities Payable from Restricted Assets	7,920
<u>Total Restricted Retained Earnings</u>	<u>\$ 790,253</u>

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

The Town also operates a municipal airport on property that was originally provided by Federal sources. Restrictions imposed by the donor require resources generated by the property to be used solely for operation of the Airport and maintenance of the property. Accordingly, resources held by the Municipal Airport Fund in the amount of \$261,209 have been classified as restricted.

NOTE 11 – CONTINGENCIES

Portions of the Town's Utility Systems are located in the right of way of various state roads. In connection with improvements to the State Highway System, it has been necessary for the town to relocate portions of its service lines. In order to assist with the financial burdens of line relocation, the state has provided Utility Relocation Assistance Funds (URAF) to the town. The URAF program states that such assistance are not loans and the town is not currently required to repay or reimburse the state for this funding. The town may eventually be required to reimburse/repay these funds in order for the town to have access to state owned rights of ways in the future. For the years ended December 31, 2002 and 2003, the town received \$260,995 in URAF assistance. The amount of URAF assistance the town has received in years prior to 2002 cannot be presently be determined.

NOTE 12 – ECONOMIC DEVELOPMENT ACTIVITIES

In order to enhance the local economy and provide employment opportunities for the citizens of Pollock, the Town has devoted substantial attention and resources to the development of a federal prison facility. The Town's activities associated with this project are summarized as follows:

PRISON SITE

In order to make the Town's property available for a prison site it was necessary to negotiate a release from deed a restriction that encumbered the property. As consideration for the release of the deed restriction, the FAA required compensation for Town's Municipal Airport. The Town agreed to provide compensation by transferring funds from the Utility System to the Municipal Airport. Under the terms of this arrangement, funds are required to be transferred in annual installments of \$19,800. Furthermore, the annual transfers must be completed for a period of ten consecutive years beginning March 31, 2000. During 2009, the Town paid its final payment on this obligation.

Based on the present value of the compensation payable to Municipal Airport, the cost of the Utility System's investment in the prison site was determined to be \$154,764. Upon release of the deed restriction, the prison site was donated to the Bureau of Prisons.

UTILITY SERVICE COMMITMENT

The Town has entered into an agreement to provide water and sewer service for the federal prison facility. In order to fulfill this commitment, the Town constructed a new water system and sewer system. Funding for a portion of new utility infrastructure was provided by a tap fee in the amount of \$1,000,000 that was collected from the Bureau of Prisons during 1999. Funding for the remaining improvements was provided by a capital outlay project and by issuing revenue bonds. In September 2003, the Town negotiated a second Prison site with the Bureau of Prisons which calls for a payment of a tap fee of \$ 3,023,750 and increased monthly utility fees. This new tap fee has covered the costs

TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

of needed expansion of the water and sewer systems to accommodate the new facility. This \$3,023,750 tap fee was received and recorded as revenue in 2004.

Revenue earned from providing services to the Bureau of Prisons will be used to operate the Utility System and service debt incurred in connection with construction of the system. Furthermore, income from the Utility System will provide a source of funds for compensating the Municipal Airport for land that was included in the prison site.

NOTE 13 – INTERNAL ACTIVITY

For the year ended December 31, 2009, internal activity is summarized as follows:

	<u>Internal Balances</u>	<u>Internal Transfers</u>
Advances	\$ 133,564	\$ ----
Due From (To) Other Funds	----	----
Operating Transfers	----	112,350
Total	133,564	112,350
Internal Eliminations	18,901	1,665
Net Total	\$ 114,663	\$ 110,685

Further details regarding internal activity are provided as follows:

ADVANCES

As discussed previously, the Municipal Airport Fund is entitled to collect certain advances from other funds. The nature of these advances and the current balances are described in the following manner:

The Municipal Airport Fund has provided advances to the General Fund. As discussed in Note 9, the original balance of \$350,899 is being eliminated through a formal repayment plan

\$ 114,663

As discussed in Note 12, the Municipal Airport is entitled to receive compensation in exchange for land provided to accommodate a federal prison facility. The original balance of \$154,764 is payable in ten installments of \$19,800, which include interest computed at a rate of 4.75%. The final payment on this advance was made in March 2009.

Total Advances	\$ 114,663
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TOWN OF POLLOCK, LOUISIANA

Notes To Financial Statements

December 31, 2009

DUE FROM (TO) OTHER FUNDS

No interfund balances of a short-term nature were reported at December 31, 2009.

OPERATING TRANSFERS

Details related to interfund transfers are presented as follows:

As discussed in Note 9, the intergovernmental agreement with the FAA allows certain resources to be transferred from the Municipal Airport Fund to the General Fund.	\$	20,352
The Utility Fund has incurred certain expenses on behalf of the General Fund without expectation of reimbursement.		91,998
The General Capital Projects Fund transferred resources to the Utility Fund in the current year.		(1,665)
<u>Total Operating Transfers In (Out)</u>	<u>\$</u>	<u>110,685</u>

Town of Pollock

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget (Cash Basis) and Actual (Cash Basis) - Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
<u>Revenues:</u>				
Taxes:				
Ad valorem	\$ 7,700	\$ 7,700	\$ 12,884	\$ 5,184
Sales	55,000	55,000	48,664	(6,336)
Franchise taxes	24,000	24,000	18,914	(5,086)
Licenses & permits:	41,000	41,000	33,833	(7,167)
Intergovernmental	-	-	8,502	8,502
Fines and forfeitures	176,000	201,000	188,285	(12,715)
Other	17,000	17,000	35,630	18,630
Total revenues	320,700	345,700	346,712	1,012
<u>General Government:</u>				
Current				
General government	175,800	175,800	194,264	(18,464)
Public safety- police department	175,708	200,708	172,615	28,093
Sanitation	32,300	32,300	17,863	14,437
Streets	-	-	1,099	(1,099)
Capital expenditures	-	-	19,088	(19,088)
Total expenditures	383,808	408,808	404,929	3,879
Excess (Deficiency) of				
Revenues Over Expenditures	(63,108)	(63,108)	(58,217)	4,891
<u>Other Financing Sources (Uses):</u>				
Operating transfers in	45,000	45,000	89,384	44,384
Operating transfer out	-	-	-	-
Net Change in Fund Balances	(18,108)	(18,108)	31,167	49,275
Fund Balance (Deficit) -				
Beginning of Year	69,290	69,290	69,290	-
Fund Balance (Deficit) -				
End of Year	\$ 51,182	\$ 51,182	\$ 100,457	\$ 49,275

Town of Pollock

General Fund

Notes to Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget (Cash Basis) and Actual (Cash Basis) - Year Ended December 31, 2009

The Town of Pollock adopts its operating budget for the general fund on the cash basis of accounting, which differs from generally accepted accounting principals (GAAP). A reconciliation of the change in fund balance determined using the cash basis of accounting and the change in fund balance based on GAAP is provided as follows:

Change in Fund Balance - GAAP Basis		\$ 64,248
Non Cash Operating Transfers In		(20,352)
Cash Payment to Airport Fund		(2,000)
Accounts Receivable		
Current	(24,460)	
Prior	<u>15,338</u>	(9,122)
Interfund Receivables		
Current	-	
Prior	<u>-</u>	-
Accounts Payable		
Current	7,853	
Prior	<u>(8,847)</u>	(994)
Interfund Payables		
Current	-	
Prior	<u>(613)</u>	<u>(613)</u>
Change in Net Assets - Cash Basis		<u>\$ 31,167</u>

Town of Pollock

Schedule of Per Diem Paid to Board Members For the year ended December 31, 2009

Jerome Scott, Mayor	\$ 9,000
Faye Mayeaux	3,000
Winnie Nichols	3,000
Georgette Nugent	1,133
Charles Butterfield, Jr.	3,000
Sharon Zeh	3,000
R. Wilkins, Sr.	<u>2,117</u>
 Total	 <u><u>\$ 24,250</u></u>

ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 23, 2010

The Honorable Mayor and
Members of the Board of Aldermen
Town of Pollock, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Pollock, Louisiana, as of and for the year ended December 31, 2009, which collectively comprise the Town of Pollock's basic financial statements and have issued our report thereon dated June 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Pollock's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pollock, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

TOWN OF POLLOCK

Management's Corrective Action Plan

For the Year Ended December 31, 2009

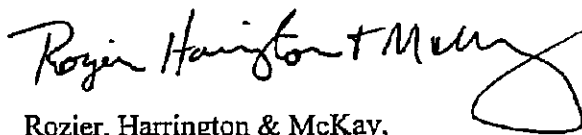
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, 2009-1, 2009-2, and 2009-3. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Pollock, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2009-4.

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Rozier, Harrington & McKay,
Certified Public Accountants

Alexandria, Louisiana
June 23, 2010

TOWN OF POLLOCK

Schedule of Findings and Questioned Cost For the Year Ended December 31, 2009

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the primary government financial statements for the Town of Pollock as of December 31, 2009 and for the year then ended expressed an unqualified opinion.
- The report on internal control included significant deficiencies reported as 2009-1, 2009-2, 2009-3 and 2009-4, appearing below.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Town of Pollock.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

2009-1: BANK ACCOUNT ADMINISTRATION

Certain bank accounts have been established for limited and specific purposes. These accounts typically have minimal activity; however, the accounts were not reconciled to the general ledger in a timely manner. In addition, interest earned on certificates of deposits was not always recorded on the general ledger. In the future, all accounts should be reconciled periodically and all interest earned should be recorded. These policies should be applied to all bank accounts regardless of transaction volume or size.

2009-2: THEFT OF MONIES FROM THE POLICE STATION

Approximately \$1,000 was stolen from the Police Evidence Room. This matter has been turned over to the Grant Sheriff's Office for Investigation.

2009-3: TRAFFIC FINES

During our test of traffic fines, it was noted that the police were not always writing tickets in numerical sequence.

2009-4: EMPLOYEE THEFT

In 2009 a theft of revenue from traffic fines was discovered. We reviewed the ticket revenues from January 1, 2009 through May 23, 2009 and discovered a total of \$2,195 of monies that had been stolen. This matter and associated theft work papers were turned over to the Grant Sheriff's Office. Per conferences with the sheriff's office, the investigation is complete.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- N/A

TOWN OF POLLOCK

Management's Corrective Action Plan

For the Year Ended December 31, 2009

<u>SECTION I</u> <u>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</u>	
<u>2009-1: BANK ACCOUNT ADMINISTRATION</u> Certain bank accounts have been established for limited and specific purposes. These accounts typically have minimal activity; however, the accounts were not reconciled to the general ledger in a timely manner. In addition, interest earned on certificates of deposits was not always recorded on the general ledger. In the future, all accounts should be reconciled periodically and all interest earned should be recorded. These policies should be applied to all bank accounts regardless of transaction volume or size.	<u>2009-1: RESPONSE</u> In some isolated incidents, accounts were not reconciled regularly and some interest earned was not fully recorded. In the future, necessary reconciliation will be prepared and interest will be recorded in a timely manner.
<u>2009-2: THEFT OF MONIES FROM THE POLICE STATION</u> Approximately \$1,000 was stolen from the Police Evidence Room. This matter has been turned over to the Grant Sheriff's Office for Investigation.	<u>2009-2: RESPONSE</u> Resolved. This matter has been turned over to the Grant Sheriff's Department for Investigation and Prosecution.
<u>2009-3: TRAFFIC FINES</u> During our test of traffic fines, it was noted that the police were not always writing tickets in numerical sequence.	<u>2009-3: RESPONSE</u> We will review our policy and procedures related to traffic fines and make any policy changes deemed necessary.
<u>2009-4: EMPLOYEE THEFT</u> In 2009 a theft of revenue from traffic fines was discovered. We reviewed the ticket revenues from January 1, 2009 through May 23, 2009 and discovered a total of \$2,195 of monies that had been stolen. This matter and associated theft work papers were turned over to the Grant Sheriff's Office. Per conferences with the sheriff's office, the investigation is complete.	<u>2009-4: RESPONSE</u> Resolved. Our established procedures worked properly in detecting the theft. This matter and all supporting documentation have been turned over to the Grant Sheriff's Office for Investigation and Prosecution.

TOWN OF POLLOCK

Management's Corrective Action Plan

For the Year Ended December 31, 2009

<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
A single audit was not required.	Response – N/A
<u>SECTION III</u> MANAGEMENT LETTER	
N/A- No Management Letter issued.	Response – N/A

TOWN OF POLLOCK

Schedule of Prior Year Findings and Questioned Cost For the Year Ended December 31, 2009

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>2008-1: BANK ACCOUNT ADMINISTRATION</u> Certain bank accounts have been established for limited and specific purposes. These accounts typically have minimal activity; however, the accounts were not reconciled to the general ledger in a timely manner. In addition, interest earned on certificates of deposits was not always recorded on the general ledger. In the future, all accounts should be reconciled periodically and all interest earned should be recorded. These policies should be applied to all bank accounts regardless of transaction volume or size.	<u>2008-1: UNRESOLVED</u> In some isolated incidents, accounts were not reconciled regularly and some interest earned was not fully recorded. In the future, necessary reconciliation will be prepared and interest will be recorded in a timely manner.
<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
A single audit was not required.	Response – N/A
<u>SECTION III</u> MANAGEMENT LETTER	
<u>EMPLOYEE THEFT</u> During 2009, a theft of revenue from traffic fines was discovered. This theft appears to have begun and ended during 2009. The theft also appears to be a lapping scheme whereby cash deposits that were recorded properly were replaced with money orders that were not recorded properly. Based on information currently available, the theft involves less than ten transactions representing an aggregate dollar amount of \$2,000 to \$3,000. This matter was detected by the Town's internal control process; however, in order to resolve this issue management will need to complete necessary investigations and alert the proper authorities.	<u>RESPONSE: RESOLVED</u> Our established procedures worked properly in detecting the theft. This matter and all supporting documentation have been turned over to the Grant Sheriff's Office for Investigation and Prosecution.